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# Res Gestae

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Roger Marce, Editor

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NOVEMBER 20, 1964

NO. 13

"AMERICA'S LEADING STOCKHOLDER" SPEAKS HERE: Louis D. Gilbert, often called "America's Leading Stockholder," spoke at the Law Club Wednesday on the topic of "Democracy for Shareholders." Speaking for a larger voice by shareholders in corporate management and for full disclosure of information to shareholders, Gilbert advocated three basic means of helping to implement these ends: The holding of stockholders meetings at various places around the country; cumulative voting and abolishment of the staggered election of directors; and more informative reports.

In discussing the holding of stockholders meetings at different locations every year, Gilbert noted that as recently as this year, U.S. Steel was pressured into doing this instead of continuing to hold its meetings at Hoboken, N.J. Other corporations such as RCA and American Can now do the same thing. On the other hand, GM continues to hold all stockholder's meetings outside of Wilmington, Del.

On the question of the method of voting for directors, he praised cumulative voting and criticized staggered elections as a policy which dilutes the voice of the minority of the shareholders. He noted that some states, such as Michigan, require cumulative voting. However, such requirements can become meaningless if terms of office of directors are staggered. He discounted the "continuity" argument often put forward by management.

In the case of statements to stockholders, Gilbert claimed that they are not generally informative enough today. Advocating full disclosure, he stated that such adverse facts as losing projects or divisions, the threat of extensive litigation and other adverse information should be candidly brought to the attention of the shareholders. One way to help assure this, he stated, is to require the election, by shareholders, of an independent firm to perform the annual audit. All too often, he contended, he has learned an adverse fact about one corporation by reading of it in the annual report of another. Furthermore, he suggested that a fully informative post stockholder's meeting report helps to better inform the corporation's owners. As to other reports sent stockholders, Gilbert said that, at a minimum, shareholders should receive copies of all relevant reports filed with the S.E.C. or State Securities Commissions.

He stated that owners should, upon finding an impropriety, pressure the S.E.C. or the appropriate state agency to take action. Too often, however, such bodies claim to be without the authority to act. Instead, he said, he wanted to hear them say that they would at least try. If they are found to be without the authority to act, then it is up to the legislative arm of the government to take corrective action. He advocated more reasonable compensation for officers and directors and limits on the granting of options and pensions. Directors should be required to own stock in the corporation and to state their holdings. It was pointed out that, at one point, the late General MacArthur did not own any Remington-Rand stock, although Chairman of the Board of that firm. He concluded by stating that such changes can be effected only by active involvement by shareholders and by stronger securities regulation.

EDITORS WASTEBASKET: Professor Cramton has an article on "The Powers of the Michigan Civil Rights Commission" in the current issue of our Law Review....Prof. Estep recently spoke in Kalamazoo on "Recent Constitutional Developments." He is also the co-author of an article entitled "Radiation Injuries: Statutes of Limitations Inadequacies in Tort Cases" which was reprinted in Personal Injury Journal 1964....Prof. Harvey conducted a seminar on "Tribalism, Nationalism and Pan-Africanism" and spoke to the student body at the College of Wooster in Wooster, Ohio....Prof. Joiner, was a recent lecturer for the Michigan Civil Procedure Before Trial seminar sponsored by I.C.L.E....Prof. Kimball assisted in the preparation and publication of "The Finnish Insurance Companies Act of 30 December, 1952," appearing in Insurance in Finland.

Among distinguished University alumni recently honored for outstanding achievements in their profession was Austin Thomas Walden, a member of the law class of 1911. His citation reads: "(A)ttorney and civil leader. Coming from a home rich in spiritual resources but deprived of formal learning, Judge Walden cultivated his own superior gifts of mind with assurance and tenacity, at length coming north to Michigan and being graduated from the University's Law School near the head of his class. He then returned to Atlanta, Georgia, and entered legal practice there, at a time when Negro attorneys were generally unwelcome and were hardly ever known. As he built up a successful practice notwithstanding, he also involved himself deeply with the drive

of his race for equal rights under the law. He has also lent direction and spirit to the (N.A.A.C.P.)...and to local groups, has become the beloved elder statesman of the Negro community in Atlanta, and has won the confidence of the city as a whole. His recent appointment to a municipal judgeship is a concrete testimony to the respectful esteem which he enjoys....

Mr. Donald M. Baker, a 39 year old U-M law grad has been appointed general counsel of the U.S. Office of Economic Opportunity, it was announced this week. He will advise the Opportunity Office on all legal matters in programs directed by it and in the preparation of future legislative proposals. A former counsel to the Labor Subcommittee of the Senate Committee on Labor and Public Welfare; counsel for the Senate Select Subcommittee on Poverty, which reviewed the Economic Opportunity Act of 1964; and administrative assistant to Congressman James G. O'Hara of Michigan in 1959-63.

**LIBEL AND SLANDER:** Last week, we published a synopsis of a speech delivered by Mr. Harold A. Larson, a Farmington attorney, on "Christian Ethic and the Practice of Law." In explaining how his religious teaching had aided him in his practice, he cited such examples as resisting the temptation to exaggerate the strength of a case so as to collect a retainer, convincing a client not to conceal assets when filing for bankruptcy and being fair in his dealings with other attorneys. What we find somewhat distressing is that Mr. Larson found it necessary to use a religious crutch to drag himself to a position that he should have reached almost spontaneously, applying any acceptable standard of ethical professional conduct. If Mr. Larson's interpretation of professional ethics, standing alone, cannot show him the degree of candidness with which he should deal with clients and professional brethren or cannot direct him to emphatically dissuade clients from committing criminal fraud, we hope that, for the sake of his clients, the profession and the public, he is never confronted with a decision where his religious ethics don't provide a guide.

- H.V. Baxendale

**GRIDIRON PIX:**

Michigan over Ohio State  
Illinois over Michigan State  
Notre Dame over Iowa  
Alabama over Auburn  
Nebraska over Oklahoma  
Georgia over Georgia Tech  
So. Cal. over UCLA  
Syracuse over W. Virginia  
Brown over Columbia  
Dartmouth over Penn

Minnesota over Wisconsin  
Purdue over Indiana  
Penn State over Pittsburgh  
Oregon over Oregon State  
Kansas over Missouri  
Florida over Florida State  
Stanford over California  
Washington over Wash. State  
Princeton over Cornell  
Yale over Harvard

Pro (letariat) Bowl:

Arboga Tech over New School for Social Thought

Mr. John Doar, First Assistant to Assistant Attorney General Burke Marshall (in charge of the Civil Rights Division) will be the guest of the Law Club on Tuesday, Nov. 24. He will speak in the lounge at 6:30 on the topic of "Federal Enforcement of Civil Rights." It will be a rare opportunity for students since Mr. Doar will play a large part in the formulation of policies to carry out the new Civil Rights Act, the Public Accommodations section in particular. Earning a reputation as an extraordinary and dynamic public servant, he was recently a recipient of the President's Award for Distinguished Federal Civilian Service. He was also credited with helping to avert mob violence in Jackson, Miss., after the murder of Medgar Evers....Also on Tuesday, there will be a PAD luncheon meeting at noon in the 3d floor meeting room of the Law Club....On Thursday, Dec. 3, Mr. Richard Kearney, Deputy Legal Advisor, and Mr. Lee Marks, both of the State Department's Office of the Legal Advisor, will discuss a lawyer's work in their office. They will be here to interview third year students on Friday, December 4. (Time of the Thursday meeting to be announced.)....On Monday, Nov. 23, at 6:30 in the lounge, the International Law Society will present a talk by Dr. K.H. Neumayer, Dean of the Law Faculty at Lausanne and of the Comparative Law Faculty, Luxembourg. His topic will be "Studying Comparative Law in Europe."

**AT THE FLICKS:**

Campus: "Becket"  
Michigan: "Goodbye Charlie"  
State: "Rio Conchos"  
Cinema Guild: Fri.-"Maedchen in Uniform"; Sat.-"Macbeth"

**QUADSVILLE QUOTES:**

There are books of which the backs and covers are by far the best part.

- Dickens

What people say behind your back is your standing in the community.

- Edgar W. Howe